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# The Effect of Service Quality and Switching Barrier on Customer Loyalty: A Study of Saudi Mobile Telecommunication Services

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**Abstract:** The Saudi mobile telecommunication services industry is currently facing lots of complaints, criticism and dissatisfaction from their customers regarding the quality of services, and the customer loyalty may be in question. The industry is reportedly shifting its strategic focus away from attracting new customers towards keeping existing customers. The present study examined the relationship between service quality and customer loyalty, as well as between switching barriers and customer loyalty among a sample of 271 users of telecommunication services from Jeddah. A survey consisting of the Customer Loyalty Scale, the Service Quality Scale, and the Switching Barriers Scale, and some demographic related questions was used to collect the data. The results showed that there is a relationship between service quality and customer loyalty, however, no significant relationship was found between switching barriers and customer loyalty. The results are discussed in the light of current literature of customer loyalty and quality of services.

**Keyword:** service quality, switching barriers, customer loyalty, service provider, Saudi Arabia.

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## I. DEDICATION

This Research Paper is dedicated to my parents, without whose care and support it would not have been possible. For my friend and sister, Khlood: thank for always being there for me. It is also dedicated to people who are suffering from telecommunication service provider in Jeddah, specifically internet service.

## II. ACKNOWLEDGMENT

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## III. INTRODUCTION

In today's modern society, telecommunication tools such as mobiles and internet are considered indispensable in day-to-day life. Saudi Arabia alone had 16.4 million internet users in 2012 and the largest number of mobile phone users worldwide in 2012 [1]. Despite these large figures, in 2012 the Internet search giant Google released a survey which showed that the United Arab Emirates (UAE) and Saudi Arabia have one of the world's slowest mobile download speeds with a mere 21.2 megabytes per second [2]

In October 2016, mobile and internet users in Saudi Arabia began a campaign against the Saudi Mobile Service Provider (MSP), and complained about the slow expensive internet service. According to Saudi Arabia Internet usage and telecommunications report, MSP charges an average of 0.6 SR per minute in ground line phone calls whereas individual companies charge a far more inexpensive 0.35 SR per minute. On a global level, these prices are still ludicrous, and an excellent example of this is how an individual in India can pay 0.02 SR for a fixed cellular phone call that would cost a Saudi Arabian citizen or resident user 0.50 SR (2013).

Telecommunications include fixed and cellular phones, internet and other forms of communication. There are three well known telecommunications companies in Saudi Arabia: Saudi Telecom Company (STC), the first Saudi telecom company with 19.914 million subscribers (2011), Mobily, a UAE telecommunication company with 15.06 million subscribers (2010), and Zain, a Kuwaiti company which opened its service in Saudi and currently has 11.04 million users (2015).

As mentioned above, there is significant competition between Mobile Service Provider companies in Saudi Arabia. In fact, there are numerous new telecommunications companies such as Virgin Mobile KSA, Bravo and Lebara KSA who are now providing telecommunication services. Nowadays, customers have become smarter and consider many factors before choosing a MSP, and are particularly concerned with the price and the quality of services. Therefore, it is significant and beneficial for the marketers of MSPs to comprehend and investigate the preferences of customers to retain hard-earned customer.

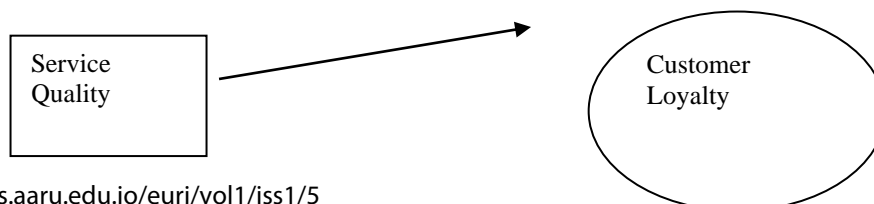
### 1.1 The aim of this research is

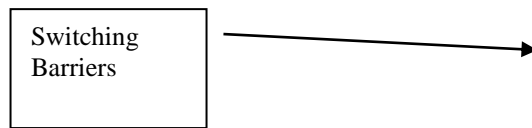
- To examine the relationship between service quality and customer loyalty,
- To examine the relationship between switching barriers and customer loyalty.

### 1.2 This research attempts to answer the following questions:

- Is there any relationship between service quality and customer loyalty?
- Is there any relationship between switching barriers and customer loyalty?

### 1.3 Hypotheses and Structural Model





H1: Service quality has a positive relation with customer loyalty.

H2: Switching barriers has a positive relation with customer loyalty.

## IV. LITERATURE REVIEW

### 1.1 Factors Affecting Customer Loyalty

According to Grönroos (1994), customer loyalty is the center of Customer Relationship Management. It is both an attitudinal and behavioral tendency to favor one brand or company over all others, whether due to satisfaction with the product or service, its convenience or performance, or simply, familiarity and comfort with the brand [3].

There are several factors that affect customer loyalty. Customers may be loyal due to a high cost of switching barriers or lack of alternatives. Also, they might be loyal because they are satisfied with the services and want to continue the relationship [4].

In the telecommunication industry, the effects of customer loyalty can be assessed in these aspects: service quality, switching barriers, and brand image [5].

### 1.2 Service Quality and Customer Loyalty

Previous literature has suggested that service quality is the difference between customers' expectations regarding the service to be received, and the perceptions of the way this service has been performed [5]. According to Sargeant and West (2001), the perceptions of service quality and commitment are related to loyalty, but each one has a different effect on customer loyalty in a particular market [6].

Researchers have highlighted that service quality determines customer satisfaction [7] and by it service quality has an impact on the loyalty of the customers through satisfaction [8]. There are two main reasons that can determine the loss of relationship between the customer and the service provider: a) the natural causes: customers want to cancel their relationship. b) Artificial causes: poor product conditions, insufficient quality of service level[7]. Thus, in order to maintain or increase customer loyalty the service provider must avoid these causes.

Customer evaluations of service quality do not completely depend on service qualities; instead, they also look at other features such as the feelings or memory of the customer [9]. Therefore, the customers' evaluation of the service quality is also driven by the satisfaction with a particular service[ 10].

It is commonly approved that a high level of retail service quality leads to loyalty. There are research schools that support the direct effect of service quality towards behavior intentions [11]; loyalty is perceived as a result of retail service quality concept [12].

Additionally, other authors state that there are significant differences in relationships between retail service quality and customer loyalty on the dimensional level [13]. However, just as there are studies to support the evidence, some studies have not found a direct relationship between service quality and loyalty [14].

### 1.3 Switching Barriers and Customer Loyalty

Switching Barriers (switching costs) is a concept used in marketing that describes the customers' dissatisfaction with the company's services which leads them to switching behaviors. According to Jones, Mothersbaugh and Beatty (2000), switching costs is any factor that makes it difficult or costly for customers to change their provider [15]. In their study, they divided switching barriers into: Strong interpersonal relationships; i.e., the psychological and social relationship that manifests itself as care, trust, intimacy and communication [16]. The interpersonal relationship built through recurrent interactions between a carrier and a customer can strengthen the bond between them and finally lead to a long-term relationship. There is also the high switching costs: time, money and effort associated with changing

service provider. And finally, there is the attractiveness of alternatives; and this refers to whether or not feasible alternatives exist in the market.

Other researchers have added another factor known as “customer inertia”, which is considered as fake loyalty [17]. The concept of “customer inertia” means that customers may stay with the same company even though they might have many reasons to be dissatisfied [18].

Panther and Farquhar (2004) conducted a study to examine dissatisfying experiences and consumer decisions to switch or stay with current providers [19]. They found that customers may not choose to switch companies because of the cost involved in switching, lack of time and resources to assess other service providers, a misperception that all service providers are the same, and finally traditional commitment to a certain service provider. In addition to these factors, other researchers have proven that dissatisfied customers do not switch because of laziness or inactive passivity [20].

## V. METHODOLOGY

This section consists of the description of the research design, the targeted population, the sample size and method, the measurements used, and the data analysis methods.

The research focused on customer loyalty, and two factors: service quality, and switching barriers. The research provides two hypotheses to determine the relationship between service quality, and switching barriers on customer loyalty. Customer loyalty is the dependent variable while the other factors are the independent variables.

### 1.1 Population

The population in this study comprises of residents of Jeddah who are subscribed to telecommunication service provider services, specifically the internet service.

### 1.2 Sample

The sample size of the research comprised of 271 users of telecommunication services. The demographic characteristics of the respondents to this survey are summarized as follows. Gender composition was mainly female with (69.7%) and (30.3%) of male. People aged less than 18 were (3%), 18-26 (47.2%), 26- 35 (16.6%), 36- 45 (18.1%), and finally the age group from 46 and above (15.1%) constituted the majority of this sample.

The sample characteristics in usage of mobile telecommunication services are summarized as follows. STC comprised (63.5%), Mobily (34.7%), Zain (11.4%), and other companies cover (2.2%).

### 1.3 Research Design

This research used a correlation research design with a survey method. A quantitative method was also used in this study.

### 1.4 Tools Used

There were two main sections in the questionnaires. The first section consisted of demographic characteristics of the respondents. The second section of the questionnaire pertained to the dependent variable of customer loyalty, the independent variables of service quality, and switching barriers. There were twenty seven questions in this section, eight questions for customer loyalty, eleven questions for service quality, and eight questions for switching barriers.

#### 1.4.1 Demographic Information

The demographic questions were prepared by the author. These characteristics were: age group, gender, education, marital status, career and the mobile telecommunication services company used.

#### 1.4.2 Customer Loyalty Scale

The scale used in this study was developed by Achour *et al.* (2011) [21]. It contained eight items and measured customer loyalty using a five-point Likert type scale (1= strongly disagree, 2= disagree, 3= neutral, 4= agree, 5= strongly agree). Examples of statements in the scale are: “I use products/services from the company because it is the best choice for me” and “I have recommended this company to my relatives, family and/or friends”.

The scale is scored by summing all the items. The range of possible scores for this scale is 8 to 40. Eight indicates a low customer loyalty and 40 indicates a high customer loyalty.

#### 1.4.3 Service Quality Scale

Service quality scale has eleven items using 5-point scale ranging from 1 (strongly disagree) to 5 (strongly agree). Examples of statements in the scale are: "When I need to make purchases for mobile service, this company is my first choice." and "I am often influenced by advertisement of new services of mobile phone companies".

The scale is scored by the summing all the items. The possible scores for this scale range from 11 to 55. The higher score indicates high service quality and the lower score indicates low service quality. The scale was developed by Achour *et al.* [21].

#### 1.4.4 Switching Barriers Scale

Switching barriers was measured by a scale consisting of eight items, and was developed by the same author. The scale uses a five-point Likerttype scale (1= strongly disagree, 2= disagree, 3= neutral, 4= agree, 5= strongly agree). Examples of statements from the scale are: "The cost of switching mobile company is quite important to me" and "I will search for an attractive alternative".

The scores of the scale were measured by summing all the items. The range of possible scores are 8 to 40.

#### 1.5 Methods of Data Collection

This research collected primary data using surveys distributed online to the current users of Saudi Mobile Telecommunication Services in Jeddah. The demographic questions, and the three questionnaires that measured customer loyalty, service quality and switching barriers were obtained from the author.

Permission was received from the author of the scales through email (please see appendix). Furthermore, the research had the approval of the research ethics committee of Effat University. After that, the survey was distributed electronically via twitter and WhatsApp. There were a total 271 respondents to the questionnaire; they accepted to be a part of the research knowing that their identity would be kept anonymous.

#### 1.6 Statistical Method

The computer software Statistical Package for Social Science (SPSS) was used to analyze the data collected from the sample and to examine the hypothesis. The following statistical tools were used: the descriptive analysis (frequency and percent) for demographics characteristics, the reliability test (Cronbach's alpha), descriptive statistics (mean and standard deviation) and Pearson's correlation to evaluate the relationship between service quality, and switching barriers on customer loyalty.

## VI. RESULTS\ DISUCUSSION

This section consists of the demographics description of the participants, and the correlation between service quality, and switching barriers on customer loyalty.

Table I *Demographics Characteristics*

Demographics	Variables	Frequency	Percent
Age group	Under 18	8	3%
	18-25	128	47.2%
	26-35	45	16.6%
	36-45	49	18.1%
	46 and above	41	15.1%
Gender	Male	82	30.3%
	Female	189	69.7%
Educational Level	High school	76	28%
	Degree	175	64.6%
	Other	20	7.4%
Marital status	Single	133	49.1%
	Married	130	48%
	Other	8	3%
Career	Student	119	43.9%
	Employee	91	33.6%
	Other	61	22.5%
Mobile	STC	172	63.5%

telecommunication services company	MOBILY	94	34.7%
	ZAIN	31	11.4%
	Other	6	2.2%

Table I above analyzed the demographics characteristics of 271 participants. The demographics characteristics section of the survey consisted of six items about: the age group, gender, educational level, marital status, career and mobile telecommunication services company.

The majority of the respondents were female (69.7%) and male (30.3%). Their ages ranged from under 18 (3%), 18-25 years (47.2%), 26-35 years (16.6%), 36-45 years (18.1%), and 46 and above (15.1%). Their marital status was single (49.1%), married (48%) and other (3%).

The education level of the respondents was as follows the majority earned a degree (64.6%), high school certificate (28%) and other (7.4%). The sample consisted of students (43.9%), employees (33.6%) and other (22.5%). Saudi Telecommunication Company STC had more the highest number of subscribers with (63.5%), Mobily (34.7%), Zain (11.4%) and other companies had only (2.2%).

### 1.1 Reliability Results

Table II

Variables	Number of items	Alpha
Independent Variables		
Service quality	11	0.707
Switching barriers	8	0.705
Dependent Variable		
Customer loyalty	8	0.83

Table II was conducted using the Coefficient Cronbach's Alpha which is a measure of reliability. A reliability coefficient of .70 or higher is considered "acceptable" in most social science research situations [22].

In this research the Cronbach's Alpha showed the reliability for each variable as follows: customer loyalty 0.83, service quality 0.707, and switching barriers 0.705. Therefore, the research results can be accepted.

### 1.2 Correlation Analysis

Table III Correlation Matrix

Variables	Customer loyalty	Service quality	Switching barriers
Customer loyalty			
Service quality	.357**		
Switching barriers	.098	.341**	

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table III displays the correlation coefficients between all variables. This study has come out with significant positive findings of a relationship between service quality and customer loyalty ( $r=.357$ ,  $p=0.000<0.01$ ). The correlation is significant at the 0.01 level (2-tailed).

The Pearson coefficient for the positive relationship between customer loyalty and service quality is .357. This means that as service quality increases, customer loyalty also increases.

There was no significant relationship between switching barriers and customer loyalty. However, the analysis showed a significant moderate positive correlation between service quality and switching barriers ( $r=.341$ ,  $p=0.000<0.01$ ).

In this research, a model that investigates the effects of service quality and switching barriers on customer loyalty is tested in the context of mobile telecommunication services.

The first research hypothesis states that "Service quality has a positive relation with customer loyalty", and the null hypothesis is "Service quality does not have a positive relation with customer loyalty". Based on the results, the researcher rejected the null hypothesis, therefore there is a significant

positive relationship between service quality and customer loyalty. The literature discussing the relationship between service quality and customer loyalty either showed that there is a direct relationship between service quality and customer loyalty [23], or there is no direct relationship between service quality and loyalty [24]. The research findings support the hypotheses which is service quality has a positive relation with customer loyalty.

Second research hypothesis states that “Switching barriers has a positive relation with customer loyalty”, and the null hypothesis is “Switching barriers does not have a positive relation with customer loyalty”. Based on these results, the researcher accepted the null hypothesis, thus switching barriers has no relationship with customer loyalty. The literature discussing switching barriers and customer loyalty indicates that there are many factors that makes it difficult for customers to change their provider [25]. Also, some researchers have added another factor known as “customer inertia”, which is considered as fake loyalty [26] & [27]. This supports the null hypothesis that there is no relationship between switching barriers and customer loyalty.

## VII. CONCLUSION, LIMITATION AND FUTURE RESEARCH

This study has some limitations that should be addressed for future research. Firstly, the paper was targeting the telecommunication industry in Jeddah only, and used a convenience sample which limits the generalibility of the results. It would be more useful to include all the cities in the Saudi Kingdom. Also, replicating the study in other service industries such as schools might lead to a more fruitful conclusion. For instance, there is, the effect of quality of teaching and switching barriers on student's loyalty to school.

Secondly, even though this research explored the effect of service quality and switching barrier on customer loyalty, a main limitation is that it did not test which dimensions of service quality have effects on specific dimensions of customer loyalty. As for the switching barriers, the results indicated that there is no relationship between them.

Thirdly, timing was a major issue. There was not enough time to gather more respondents. Finally, more studies can conduct an in-depth research about the profitability of loyal customers in comparison to the costs of retaining them.

To conclude, this study investigated the factors affecting customer loyalty in mobile telecommunication services. The aim of the research was to examine the relationship between service quality and switching barriers on customer loyalty. Convenience sampling was used to obtain a logical and representative result. The data was analyzed by correlation coefficients.

The results showed that there is a significant relationship between service quality and customer loyalty. There was also a moderate positive significant correlation between service quality and switching barriers. The results indicate that switching barriers has no effect on customer loyalty.

These findings show that service quality is a key factor for customer loyalty rather than switching barriers. In the end, although switching barriers has no relationship with customer loyalty; it still is an important factor and it should be taken into consideration in formulating strategies for developing customer loyalty.

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